

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL AUDITED REPORT

FORM X-17A
PART III



FACING PAG

02022672

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

4/4/2002

OMB APPROVAL
OMB Number: 3235-0123
Expires: January 31, 1993
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SEC FILE NUMBER
8- 42805

REPORT FOR THE PERIOD BEGINNING 01/01/01 AND ENDING 12/31/01
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

KALIN ASSOCIATES, INC.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

50 BROADWAY, 7th FL.

(No. and Street)

NEW YORK

NY

10004

(City)

(State)

(Zip Code)

NAME A

10-016941-C
KALIN ASSOCIATES, INC.
SHARON J. KALIN, CEO
50 BROADWAY, SUITE 700
NEW YORK, NY 10004

ONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

SHARON J. KALIN

(212) 809-6400

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT

C ACCOUNTANT whose opinion is contained in this Report*

ROBERT SPONTAK

(Name — if individual, state last, first, middle name)

75 EIGHT AVENUE

BROOKLYN

NY

11215

(Address)

(City)

(State)

(Zip Code)

CHECK (

[]
[]
[]

10004

12

Public Accountant

Accountant

Not resident in United States or any of its possessions.

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PROCESSED

APR 05 2002

THOMSON
FINANCIAL

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

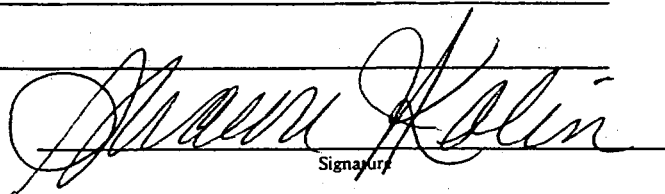
4/4/2002

OATH OR AFFIRMATION

I, SHARON J. KALIN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of KALIN ASSOCIATES, INC., as of DECEMBER 31, 19 2001, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

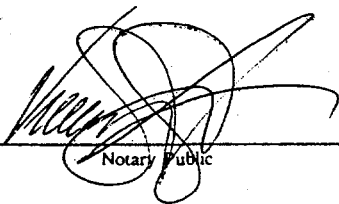
RISK ARBITRAGE MONITOR PROFIT SHARING ACCT/KEOGH,

PERSHING CUSTODIAN; SHARON J. KALIN PERSONAL ACCT


Signature

PRESIDENT

Title


Notary Public

VIREN S. SENJALIA
Notary Public, State of New York
No. 01SE5059402
Qualified in New York County
Commission Expires April 22, 2002

2/27/02

This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

KALIN ASSOCIATES, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2001

ROBERT J. SPONTAK
Certified Public Accountants
75 EIGHTH AVENUE, BROOKLYN, NEW YORK 11215-1511

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ROBERT J. SPONTAK

Certified Public Accountants

75 EIGHTH AVENUE

BROOKLYN, NEW YORK 11215-1511

(718) 622-3780 Fax (718) 636-3114-11

Member: American Institute of Certified Public Accountants
New York State Society of Certified Public Accountants

Independent Auditor's Report

The Board of Directors
Kalin Associates, Inc.

I have examined the balance sheet of Kalin Associates, Inc. as of December 31, 2001 and the related statement of income, changes in stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kalin Associates, Inc. as of December 31, 2001, and the results of its operations and cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Brooklyn, New York
January 25, 2002

KALIN ASSOCIATES, INC.
BALANCE SHEET
DECEMBER 31, 2001

ASSETS

Current Assets

Cash and equivalents	\$ 254,825
Other receivables	<u>39,360</u>
	294,185

Fixed Assets

Other Assets

Deposits with clearing organization	100,000	
Security deposits	11,049	
Other assets	<u>82,523</u>	
		<u>193,572</u>

Total Assets	<u>\$ 487,757</u>
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LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:

Accounts payable	\$ 51,339
State and local income tax	<u>794</u>
	52,133

Stockholders' Equity	<u>435,624</u>
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Total Liabilities and Stockholders' Equity	<u>\$ 487,757</u>
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See notes to financial statements and auditor's report.

KALIN ASSOCIATES, INC.
STATEMENT OF INCOME (LOSS)
YEAR ENDED DECEMBER 31, 2001

Revenues:

Floor broker fee	\$ 357,268
Consulting fee	30,000
Commissions	61,530
Interest	4,580
Dividends	3,002
Facility fees	5,250
Other	<u>8,293</u>
	469,923

Expenses:

Payroll	\$ 198,000
Floor brokerage	127,978
Commissions	48,015
Rent	25,230
Floor facility fees	22,722
Telecommunications	14,070
Error expense	13,731
Accounting	10,411
Payroll tax and insurance	9,335
Clearing expenses and fees	8,659
Input data charges	7,464
Registration and filing fees	4,136
Consultants	4,000
Interet expense	2,129
Insurance	986
Training	373
Depreciation	89
Supplies	<u>12</u>
	<u>497,340</u>

Income Before Income Taxes (27,417)

Income Taxes (Note 5) 688

Net Loss \$ (28,105)

See notes to financial statements and auditor's report.

KALIN ASSOCIATES, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2001

	<u>ADDITIONAL COMMON STOCK</u>	<u>PAID-IN CAPITAL</u>	<u>RETAINED EARNINGS</u>	<u>TOTAL</u>
Balance, January 1	\$ 17,400	\$ 470,611	\$ (24,282)	\$ 463,729
Net Loss	-	-	(28,105)	(28,105)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance, December 31	<u>\$ 17,400</u>	<u>\$ 470,611</u>	<u>\$ (52,387)</u>	<u>\$ 435,624</u>

See notes to financial statements and auditor's report.

KALIN ASSOCIATES, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2001

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Income		\$ (28,105)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation		<u>89</u>
		(28,016)
Changes in assets and liabilities		
Other receivable	\$ (18,074)	
Security deposit	(137)	
Accounts payable	36,080	
State and local tax payable	<u>(101)</u>	
		<u>17,768</u>
		(10,248)

CASH FLOWS FROM INVESTING ACTIVITIES

-

CASH FLOWS FROM FINANCING ACTIVITIES

-

Net decrease in cash	(10,248)
Cash - January 1	<u>265,073</u>
Cash - December 31	<u><u>\$ 254,825</u></u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for:

Interest	<u><u>\$ 2,129</u></u>
Income taxes	<u><u>\$ 789</u></u>

See notes to financial statements and auditor's report.

KALIN ASSOCIATES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

NOTE 1 Organization

The company is a broker-dealer specializing in the trades of institutions.

NOTE 2 Summary of Significant Accounting Policies

This summary of significant accounting policies of the company is presented to assist in understanding the financial statements. The financial statements and notes are representations of management, which is responsible for their integrity and objectivity.

a. Property and Equipment

The cost of property and equipment is depreciated over the estimated useful lives of the related assets.

b. Financial Instruments

Financial instruments of the company consist primarily of short term assets and payables. Their carrying amounts approximate fair values because of the short maturity of these instruments.

c. Statement of Cash Flows

For the purposes of the statement of cash flows, the company considers all highly liquid debt instruments purchased with a maturity of six months or less to be cash equivalents.

NOTE 3 Use of Estimates

The company uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

KALIN ASSOCIATES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

NOTE 4 Deposits With Clearing Organization

Customers accounts are introduced and cleared on a fully disclosed basis through Pershing and Company ("Pershing").

A deposit is held by Pershing to indemnify the carrying broker against the failure of the company's customers to perform their obligations with respect to their accounts. The deposit consists of cash.

NOTE 5 Other Assets

Other assets primarily consists of receivables from Adler Coleman, the Company's previous clearing broker, who went into bankruptcy in 1995. In 1997, at the demand of the bankruptcy trustee, an additional \$ 104,511 deposit was made to Adler Coleman, to replace monies erroneously returned to the organization in prior years. A reserve of \$ 50,000 was taken in 1997 against the new deposit.

At December 31, 2001 the receivables from Adler Coleman have been stated at what is reasonably expected to recovered.

Other assets also includes \$ 3,300 for the purchase of NASD stock.

NOTE 6 Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. In addition the ability to withdraw equity capital or pay cash dividends is also dependent upon meeting predefined levels of net capital adequacy.

At December 31, 2001 the Company had net capital and net capital requirements of \$ 337,824 and \$ 5,000 respectively. The Company's ratio of aggregate indebtedness to net capital was .154 to 1.

NOTE 7 Capital Stock

At December 31, 2001 there were 200 no par value shares authorized; 10 shares issued and outstanding.

KALIN ASSOCIATES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

NOTE 8 Income Taxes

The Company has elected to be treated as a subchapter S corporation for tax purposes. As such there are no federal taxes due. The current provision for income tax consists of an over accrual of 2000 corporate income taxes owed to New York State and New York City.

NOTE 9 Office Space Rental

The company occupies space under a five year lease, expiring November 30, 2004. Required rent is \$ 73,038 per year, with rent escalations.

The company obtains an abatement against payments each year from New York City under the Commercial Revitalization Program. In 2001, \$ 6,265 was returned.

NOTE 10 Related Party Transactions

Office facilities are shared with other companies owned by the shareholder. In 2001, \$ 41,900 was received as reimbursement of rent and telecommunications expense

NOTE 11 Concentration of Risk

At December 31, 2001 Kalin had no significant concentrations of credit risk or customer risk.

SCHEDULE I

KALIN ASSOCIATES, INC.
DECEMBER 31, 2001

COMPUTATION OF NET CAPITAL

Total ownership equity qualified for net capital		\$	435,624
Less:			
Security deposits	\$	11,049	
Other assets		<u>82,523</u>	
			<u>93,572</u>
Net capital before haircuts			342,052
Haircuts			<u>4,228</u>
NET CAPITAL			<u><u>\$ 337,824</u></u>

COMPUTATION OF NET CAPITAL REQUIREMENT

Minimum net capital requirement (6 2/3% of aggregate indebtedness)	\$	<u>3,475</u>
Minimum dollar net capital requirement	\$	<u>5,000</u>
Net capital requirement (greater of above)	\$	<u><u>5,000</u></u>

COMPUTATION OF AGGREGATE INDEBTEDNESS

Accounts payable	\$	51,339
State and local taxes payable		<u>794</u>
	\$	<u><u>52,133</u></u>

KALIN ASSOCIATES, INC.
DECEMBER 31, 2001

COMPUTATION FOR DETERMINATION OF THE
RESERVE REQUIREMENTS OF RULE 15C3-3 AND INFORMATION
RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS OF
RULE 15C3-3

The company is an introducing broker-dealer who clears all transactions with and for customers on a fully disclosed basis with a clearing broker or dealer, and who promptly transmits all customer funds and securities to the clearing broker or dealer which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to the requirements of Rules 17a-3 and 17a-4, as are customarily made and kept by a clearing broker or dealer.

The company, therefore, meets the requirements of paragraph (k)(2)(ii) of Rule 15c3-3 and is exempt from the computation of cash reserve requirements for brokers and dealers.

RECONCILIATION OF THE COMPUTATION OF NET CAPITAL
WITH THE COMPUTATIONS INCLUDED IN PART IIA
OF FORM X-17A-5 OF THE SAME DATE

Net capital per FOCUS report	\$ <u>337,824</u>
Net capital per audit report	\$ <u>337,824</u>